



MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS AND COMMERCE

Business Management, Tourism and Hospitality Management & Human
Resources Management

Principles of Economics

CODE: ECON102

SESSIONAL EXAMINATIONS
SEPTEMBER 2021

DURATION: 3 HOURS

EXAMINER: MR N. CHIPUNZA

INSTRUCTIONS

- 1. Answer Five (5) questions.*
- 2. Start a new question on a fresh page*
- 3. Total marks 100*

Question 1 [20]

On the Forbes 2021 list of the World Billionaires, American Jeff Bezos ranks at the top with a network of USD190 billion.

- i. Does this “richest man in the world” face scarcity? [10]
- ii. Does scarcity only affect those with more limited incomes and lower net worth? [10]

Question 2 [20]

Discuss the principles of economics as they relate to decision making at household, market and national level.

Question 3 [20]

As long as all resources are fully employed and every firm in the economy is producing its output using the best available technology, the result will be efficient.

- i. Do you agree or disagree with this statement? [10]
- ii. Explain your answer. [10]

Question 4 [20]

- a) State three types of uncertainties [3]
- b) With the aid of diagrams, illustrate the effect of technological change on agricultural production on the following:
 - i. Total Product curve [4]
 - ii. Isoquant [4]
 - iii. Production Possibility frontier [4]
- c) Describe two uses of elasticity [5]

Question 5 [20]

- a. Define market equilibrium [2]
- b. Describe using graphs the concepts of excess demand and excess supply. [10]
- c. Name any four trade restrictions [4]
- d. Explain four uses of trade restrictions [4]

Question 6: [20]

Using examples give a brief explanation of:

- a. Why scarcity implies choice among alternatives [4]
- b. Law of diminishing returns [4]
- c. Principle of equi-marginal returns [4]
- d. Disposable income [4]
- e. Derived demand of inputs [4]

Question 7: [20]

- a) Zimbabwe's financial system is characterized by dualism. Explain what you understand by this statement [5]
- b) Name four attributes of good money [5]
- c) State any five functions of money [5]
- d) Highlight six types of unemployment and their causes [5]

END OF EXAMINATION